



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

B-71 Cannon HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

December 6, 2002

Dear Democratic Colleague:

Let me recommend to you the attached articles from the *Washington Post* and *New York Times*. They describe the Bush administration's decision to grant large cash bonuses — ranging from \$5,000 to \$10,000 and up — to Republican political appointees already earning well above \$100,000 a year. At the same time, the President just last week limited federal employees' pay increase to 3.1 percent this year, withholding the one percent locality pay adjustment, citing the "national emergency" resulting from the war on terrorism.

In a time of national crisis — when sacrifices for the good of the nation should be shared by all — this is unfair. The Clinton administration had halted this practice of handing out bonuses to favored appointees because of concerns about abuse. Now, the Bush administration has re-instated this practice, while limiting the pay of career civil servants, like those of the new Department of Homeland Security.

Congress supports a 4.1 percent pay increase for both military and civilian employees. However, the Bush Administration decided instead to limit civil servants' pay increase to the minimum required by law, because "full statutory civilian pay increases in 2003 would interfere with our nation's ability to pursue the war on terrorism." More likely, the Administration's policy of short-changing front-line workers while rewarding front-office appointees risks driving qualified people away from public service just when they are most needed to secure the nation.

Sincerely,

John M. Spratt, Jr.
Ranking Democratic Member

washingtonpost.com

Administration Revives Policy Of Political Appointees' Bonuses

By Dan Eggen
 Washington Post Staff Writer
 Wednesday, December 4, 2002; Page A07

The Bush administration decided earlier this year to reinstitute the awarding of large cash bonuses to political appointees, a practice that had been abandoned during the Clinton administration because of concerns over abuse, a government official said last night.

The bonus program was authorized by White House Chief of Staff Andrew H. Card Jr. but not previously disclosed. It is just beginning to result in cash awards for employees throughout the government who have "gone above and beyond the call of duty," the official said.

The White House viewed the previous system, in which only career employees could be awarded bonuses, as unfair to those appointees deserving of greater commendation, the official said. White House officials declined to comment on the program late last night.

"This is a way to reward all deserving employees for outstanding service, not just some of them," the administration official said.

But disclosure of the expanded bonuses, first reported in today's editions of the New York Times, comes at a time of widespread discontent within the federal career ranks over the personnel policies of the Bush administration. President Bush successfully lobbied to exempt employees of the new Department of Homeland Security from many worker protections, and decided last week that scheduled raises would be smaller than anticipated by Congress.

Senior managers may approve individual bonuses of as much as \$5,000 for political appointees, and may seek approval from Cabinet-level department heads for amounts up to \$10,000, the administration official said. Higher amounts can be sought from the White House, the official said. Top political appointees generally are paid more than \$100,000 a year.

The program will have a particularly strong impact on some agencies, such as the Justice Department, that have relatively large stables of political appointees. Attorney General John D. Ashcroft has had rocky relations with many veteran career employees within the department, who have complained over the past two years that they are shut out of policy debates and marginalized in decision-making.

Many of the bonuses awarded so far have been given to senior attorneys, investigators and others who have put in long hours on counterterrorism efforts since the Sept. 11, 2001 attacks on the World Trade Center and Pentagon, the administration official said.

© 2002 The Washington Post Company

December 4, 2002

Bush Restoring Cash Bonuses for Political Appointees

By ERIC LICHTBLAU

WASHINGTON, Dec. 3 — The White House has decided that several thousand political appointees across the federal government will be eligible for cash bonuses, abandoning a Clinton-era prohibition that grew out of questionable practices in the first Bush administration.

Administration officials said the policy shift, ordered by the White House chief of staff, Andrew H. Card Jr., earlier this year but never publicly disclosed, seeks to correct the inequity of political appointees' working side by side with civil servants who routinely receive bonuses.

The new policy is being instituted at many federal departments, and a few agencies have already begun distributing awards of several thousand dollars each to political appointees. For example, the Justice Department has given bonuses to political appointees who were deemed to have played important roles in counterterrorism and the Sept. 11 investigation, officials said.

The policy is causing rumblings of discontent from some career officials. They say the policy threatens to reward employees for political loyalty and could force career civil servants to compete against well-connected political appointees for the millions of dollars in bonus money that their bosses distribute each year. The Bush administration did not help matters last week with the announcement that it was setting pay increases for career federal employees below what Congress was seeking.

An Oct. 8 Justice Department memorandum explaining how the bonuses will be distributed within the department says that awards for political appointees "will be limited to truly outstanding performance that contributes directly to achieving the president's and the attorney general's national goals and objectives."

For the first time in eight years, cabinet-level officials and agency chiefs have been authorized to approve annual awards of up to \$10,000 — and possibly more — for the influential senior attorneys, policy advisers, confidential assistants and other appointees who are brought onto their political staffs. Awards can total \$25,000 — or higher with approval from the White House. Senior political appointees typically earn from \$115,000 to \$140,000 a year.

Mr. Card said in a previously undisclosed March 29 memorandum to cabinet secretaries and agency chiefs that he wanted to reward "substantial work achievements that go well beyond the performance of routine duties."

"Political employees should be judged and rewarded in the same manner as career employees," the memorandum said.

Mr. Bush's aides say the White House policy shift reflects the administration's emphasis on a "results-oriented government," rewarding excellence and productivity by all federal employees.

Critics, however, say they see the potential for abuse.

"I think it's a dangerous precedent to establish," said Leon E. Panetta, a White House chief of staff under President Bill Clinton. "If you start giving cash awards to political appointees, it can be abused by handing out cash because someone's doing a good job politically or just knows the right people."

In 1994, Mr. Panetta prohibited bonuses to senior political appointees after negative publicity surrounding bonuses given out in the waning days of the administration of President George Bush.

Among more than \$100,000 in awards that Attorney General William Barr approved in January 1993, in his final weeks in office, were \$7,500 bonuses to two of his closest political aides, who then went on to join him at the Washington law firm where he was a partner.

Mr. Panetta's restrictions caused years of frustrations for some senior political appointees who were restrained from rewarding political appointees who worked under them.

"I was giving out bonuses for career people and not giving bonuses to political staff who often worked a lot harder than the career people did," a former Justice Department official recalled. "It was frustrating."

But some departments have found ways to skirt the restrictions.

Congressional investigators at the General Accounting Office found last year that several hundred political appointees received performance bonuses of as much as \$17,000 from September 1999 to April 2001, apparently in violation of the 1994 policy. In 15 cases, political appointees had to give the money back because the payments violated a separate law banning bonuses to political appointees during a blackout period surrounding presidential elections.

The new White House bonus policy affects political appointees in two categories: noncareer Senior Executive Service officials, who fall just below presidential appointees in rank, and Schedule C employees, who are lower-ranking and lower-paid. They totaled at least 1,935 political appointees as of the most recent federal count.

Although political appointees make up only a tiny fraction of the 1.7 million federal work force, they often wield extensive influence at the highest reaches of government.

In setting the schedules and agendas of cabinet members, guiding political strategy and rendering legal opinions and policy advice, political appointees often play a critical behind-the-scenes role — sometimes to the consternation of career employees who view them as "short-timers" who are rewarded for their connections.

Schedule C appointees will be eligible for performance awards, while Senior Executive Service appointees will be eligible for cash awards "based on contributions to government economy, efficiency or effectiveness," though not for straight performance bonuses, Mr. Card's memorandum said.

"Due the sensitivity of this parity issue," Mr. Card added in the memorandum, cabinet secretaries and agency chiefs should review all awards for their political appointees.

Mr. Card required top-level review to ensure "that political appointees are not getting any special treatment," a White House spokesman, Scott McClellan, said.

Political appointees will continue to be ineligible for cash or time-off awards in the eight months surrounding presidential elections, Mr. Card noted in his memorandum.

Presidential appointees — cabinet secretaries, agency chiefs and senior deputies whose confirmations must go before the Senate — are still exempted from bonuses. Congress operates under a separate system, with individual members given discretion to award bonuses to their own staff members.

The White House directed departments to move ahead with the new awards policy on their own, and that has led to a somewhat disjointed implementation. The Justice Department and the Department of Housing and Urban Development, for instance, have already begun distributing awards of several thousand dollars each to some political appointees in recent weeks, officials said.

At many other departments, however, officials are still developing the criteria and, in some cases, are planning stricter standards than the White House suggested. The Environmental Protection Agency, for example, plans to require that political appointees be on the job at least a year to be eligible for an award.

At still other departments, officials plan to continue the ban on political bonuses.

Some career officials and good-government advocates said they were concerned by what apparently was a lack of oversight, direction or public and Congressional discussion surrounding a policy change with broad ramifications.

"If done well, this change can be a smart way to connect performance to rewards," said Max Stier, president of Partnership for Public Service, a nonprofit group that promotes federal civil service work.

"But obviously you need a system that's going to be viewed as fair, and to do that, you need the data to know what's happening and to know that expectations are being met," Mr. Stier said.

Some career officials said that what the White House saw as a move to reward strong performances may be seen instead as another slap at civil servants.

The Bush administration has moved in recent weeks to place as many as 850,000 government jobs up for competition from private contractors. On Friday, the White House announced that the raise for federal civil servants next year would be 3.1 percent, lower than the 4.1 percent sought by Congress.

The administration's effort to reward political appointees threatens to increase tensions, particularly because civil servants will apparently be competing with appointees for the limited bonus pools, some civil service advocates said. Administration officials said no extra money was planned to pay for the political bonuses.